

Message

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Sent: 2/29/2016 6:28:35 PM
To: Valentine, Julia [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=Od386c8e6abc4dab9a307a9411e36d47-Valentine,]; Bunker, Byron [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ddf7bcf023d241a9a477a2dc75d5901c-Bunker, Byron]; Grundler, Christopher [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d3be58c2cc8545d88cf74f3896d4460f-Grundler, Christopher]; Cook, Leila [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d4536ad140a1461781d78ca67921b02f-Cook, Leila]; Wehrly, Linc [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=64e5f31ccb4841018441b3bf074842d0-Wehrly, Linc]; Birgfeld, Erin [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3383bc15dd5542e5bff5c3de13ba9bf2-EBIRGFEL]; Millett, John [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=c067caa6c93544f78c26ab08cc567d27-Millett, John]; Hengst, Benjamin [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=c414e2bf04a246bb987d88498eefff06-Hengst, Benjamin]; Stewart, Lori [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8404f4ff6c924b2f8f3fb80c3a4467a7-Istewa04]; Cohen, Janet [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94b854e69cd4f9e80db946bf9d1c1b2-Cohen, Janet]
Subject: RE: Full Handlesblatt interview story: Dieselgate Redefines U.S. Pollution Testing

FYI- here's the WSJ story.

WSJ

<http://www.wsj.com/articles/epa-asks-mercedes-for-information-on-diesel-emissions-1456769317?cb=logged0.6430799742229283>

EPA Asks Mercedes for Information on Diesel Emissions

Agency makes request for test results after recent lawsuit

WILLIAM BOSTON and MIKE SPECTOR - Feb. 29, 2016 1:08 p.m. ET

U.S. environmental regulators have requested emissions information on diesel-powered Mercedes-Benz luxury vehicles after a lawsuit alleged the cars illegally turn off pollution controls in cooler weather.

The Environmental Protection Agency requested the information from Mercedes parent Daimler AG on the heels of the lawsuit, an agency spokeswoman said. The request is preliminary and the EPA hasn't launched a formal probe, she added.

Mercedes vehicles don't use any devices that improperly affect emissions, a Daimler spokeswoman said in response to a recent Mercedes vehicles don't use any devices that improperly affect emissions, the Daimler spokeswoman said, adding that the lawsuit filed Feb. 18 is without merit and the company is cooperating with the EPA's request. The spokeswoman said Daimler has a constructive relationship with agencies in the U.S., Germany and other parts of Europe and takes environmental protection seriously.

The Mercedes suit follows an emissions-cheating crisis engulfing Volkswagen AG after the German company admitted in the fall to using so-called defeat devices that allowed diesel-powered vehicles to pollute more on the road than during government emissions tests. Volkswagen faces myriad probes and financial fallout from the deception. Nearly 11 million vehicles globally are affected.

The EPA's request of Daimler came after law firm Hagens Berman Sobol Shapiro LLP in February filed a proposed class-action lawsuit in New Jersey, alleging Mercedes vehicles sold in the U.S. with BlueTEC diesel technology shut down emissions controls when temperatures drop below 50 degrees Fahrenheit. That results in nitrogen oxide emissions more than 65 times higher than EPA standards permit, the lawsuit says. The suit doesn't specify how many vehicles are allegedly affected.

The suit claims the luxury car maker deceived consumers by advertising "clean diesel" vehicles. While the lawsuit concedes that Mercedes diesel vehicles don't feature defeat devices that dupe emissions tests, it claims the company's use of technology that shuts down emissions controls in colder weather amounts to another kind of defeat device. The suit points to tests conducted in Europe that show Mercedes diesel vehicles having higher emissions on the road than in laboratories.

"We are aware of the complaint," said Christopher Grundler, head of the EPA's transportation and air quality office, in an interview with the German daily Handelsblatt newspaper published Monday. "We have contacted Daimler and requested test results of American diesel engines."

The EPA spokeswoman confirmed Mr. Grundler's remarks.

The EPA separately in September intensified testing of diesel-powered vehicles from all auto makers in the U.S., including Mercedes, after Volkswagen admitted to cheating.

Mr. Grundler toured major European capitals in February, urging officials in Germany, France and Brussels to ensure auto makers aren't cheating on emissions tests, according to two people who met Mr. Grundler in Germany.

From: Valentine, Julia

Sent: Monday, February 29, 2016 11:18 AM

To: Bunker, Byron <bunker.byron@epa.gov>; Grundler, Christopher <grundler.christopher@epa.gov>; Cohen, Nancy <Cohen.Nancy@epa.gov>; Cook, Leila <cook.leila@epa.gov>; Wehrly, Linc <wehrly.linc@epa.gov>; Birgfeld, Erin <Birgfeld.Erin@epa.gov>; Millett, John <Millett.John@epa.gov>; Allen, Laura <Allen.Laura@epa.gov>; Hengst, Benjamin <Hengst.Benjamin@epa.gov>; Stewart, Lori <Stewart.Lori@epa.gov>

Subject: Full Handelsblatt interview story: Dieselgate Redefines U.S. Pollution Testing

Handelsblatt:

<https://global.handelsblatt.com/edition/377/ressort/companies-markets/article/this-is-not-our-first-rodeo>

Handelsblatt Exclusive

Dieselgate Redefines U.S. Pollution Testing

By Astrid Dörner, February 26, 2016

In an interview with Handelsblatt, a top U.S. EPA official said the agency will now test all cars on the road, not just in the lab. It's one of the biggest changes to come out of Volkswagen's Dieselgate scandal so far.

Christopher Grundler, a U.S. Environmental Protection Agency Office director and the agency's top auto industry regulator, tells Handelsblatt that five months after the EPA uncovered the fraud, it remains unclear when VW will be able to launch a recall of up to 600,000 diesel cars in the United States.

As head of the Office of Transportation and Air Quality, Mr. Grundler splits his time between a government emissions-testing facility in Michigan and the EPA's Washington headquarters. The 35-year agency veteran called on U.S. and European environmental regulators to cooperate more closely together and said he plans to invite various national agencies to a summit in the United States in the spring.

Despite the ongoing battle with Volkswagen, Mr. Grundler insisted the agency is “not anti-diesel.”

Handelsblatt: Mr. Grundler, we are now five months into the VW diesel scandal. But still no cars in the United States have been repaired. When will VW be able to start making the fixes?

Christopher Grundler: I really don't know. All I can say is that EPA and California's regulator CARB are in a big hurry but we are insisting that any fix is durable and will work in a way that it will not impact the owners of these vehicles. And we have been saying that for five months.

What happened to the catalytic converter that Mr. Müller was so optimistic about in January.

I cannot comment on that.

You met recently with VW executives Christine Hohmann-Dennhardt and Francisco Javier García Sanz. VW CEO Matthias Müller had a meeting with EPA chief, Gina McCarthy. How would you describe Volkswagen's willingness to get to the bottom of the emissions issue?

The investigation is still ongoing so all I can say at this point is that we appreciated the opportunity to speak with them and our discussions are ongoing.

You have just been to Germany, France and Brussels to meet with European regulators.

The purpose was to talk about the U.S. experience with respect to vehicle emissions and to share that information, as the European Union is in the process of reforming its regulations on testing and certification. This is not our first rodeo. In fact, this office has issued its first guidance against these so called defeat devices in 1978, back when electronic controls were coming into vehicles and we were worried about manipulation. We had some of our early enforcement actions against Ford and General Motors.

And yet it took years until Volkswagen's defeat devices were finally uncovered.

We learned a painful lesson. We wish we had caught it sooner. VW probably wishes we had caught it sooner, too.

What has changed in your testing since VW admitted to the manipulations last September?

Even before the scandal we had been testing the vehicles at three different times in their life cycle: before they are built, right when they get off the production line and after they have been bought by the consumer ... What is new is that the cars are now not only being tested according to certain predefined cycles. We test in unpredictable ways in the laboratory and we also test the cars on the road, with portable emissions measurement systems, called PEMS units.

Germany's transport minister, Alexander Dobrindt, says he wants to introduce “doping tests” for cars. You met him on your trip to Europe. Was he inspired by the EPA's testing methods?

I can't claim credit for inspiring him. We met for several hours at his office in Berlin and we had a frank and fruitful conversation. I certainly told him about the importance of being unpredictable. We also discussed the importance of on-the-road testing. We have been testing trucks with PEMS units for years. This is, after all, where the lion's share of Nox (nitric oxide) emissions is in the United States. We tested the (diesel engines) at certification and it passed. Had we also tested it at the time with a PEMS unit we would have discovered the high emissions.

Do regulators across the world need to work closer together when it comes to emissions testing?

My goal is to create more of a global network of international regulators to do information sharing and have an informed conversation. I invited my counterparts in Europe to an international summit we are convening on compliance and enforcement at our main testing facilities in Ann Arbor this spring. There we can show them what we are learning, how we do the testing in the lab and hear from other government officials in other countries as to what they are doing.

Critics have claimed that you are going after Volkswagen to do American car companies a favor.

Automakers across the board recall about two million vehicles a year in America for a variety of emissions problems. The notion that our VW case is some form of industrial policy is absolutely wrong. I am a 35-year veteran of this agency. I exercise my responsibilities without fear or favor. I cannot be effective in my job if it is perceived in any way that we have any biases. It is important to me that your readers and certain members of the German parliament understand that.

Diesel technology, while popular in Europe, has never really caught on in the U.S. and the Volkswagen scandal is a significant blow to the image. Is this the end of diesels in America?

To be clear: We are not anti-diesel. We are pro clean air. We just certified three new diesel cars: a BMW, a Nissan and a GM diesel engine that is going into their small pickup trucks.

However, emissions standards for diesel are much stricter in the U.S. than in Europe.

Our view is: Your lungs don't care what you put in your fuel tank, so diesel and gasoline fuel need to meet the same environmental performance standards. We look at CO2 per mile instead of miles per gallon. And diesel has more CO2 atoms than gasoline so that disadvantages the diesel technology to some extent. Diesel fuel is also more expensive in the U.S.

There has been a report that the EPA wants Volkswagen to build electric cars in the U.S. and invest in charging stations. Is that true?

This is also something that I cannot comment on at this point.

There has been a letter signed by (Tesla Motors co-founder) Elon Musk and others advocating that instead of forcing VW to pay huge fines, they should rather invest in emissions-free vehicles.

I have read the letter. And I met with Tesla about that letter. Elon Musk wrote it on behalf of many investors. But the hypothesis there is that CARB and EPA should ignore all these polluting vehicles because they are only a small fraction of the overall Nox emissions and we should rather focus our attention on how to help his company and his investors.

Because the charging stations that VW would build could be used by Tesla drivers, too?

It would certainly benefit his business. But don't get me wrong: We know that ever more parts of the transportation system need to have more electrification. Only then can we achieve the CO2 reductions science tells us we need to achieve by 2050.

Volkswagen and other car makers have announced a big push towards more electric vehicle. Could the diesel scandal accelerate a transformation of the auto industry?

I read with interest that VW executive Herbert Diess declared at the Consumer Electronics Show in January that the new VW will be all about electric vehicles. Time will tell. We are of course watching the transformation of the auto industry with a lot of interest, especially with respect to connectivity and autonomy. And what is clear is that our public policy framework needs to continue to transform as well so we continue to support innovation.

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